

Exhibit 3

Part 2 of 9

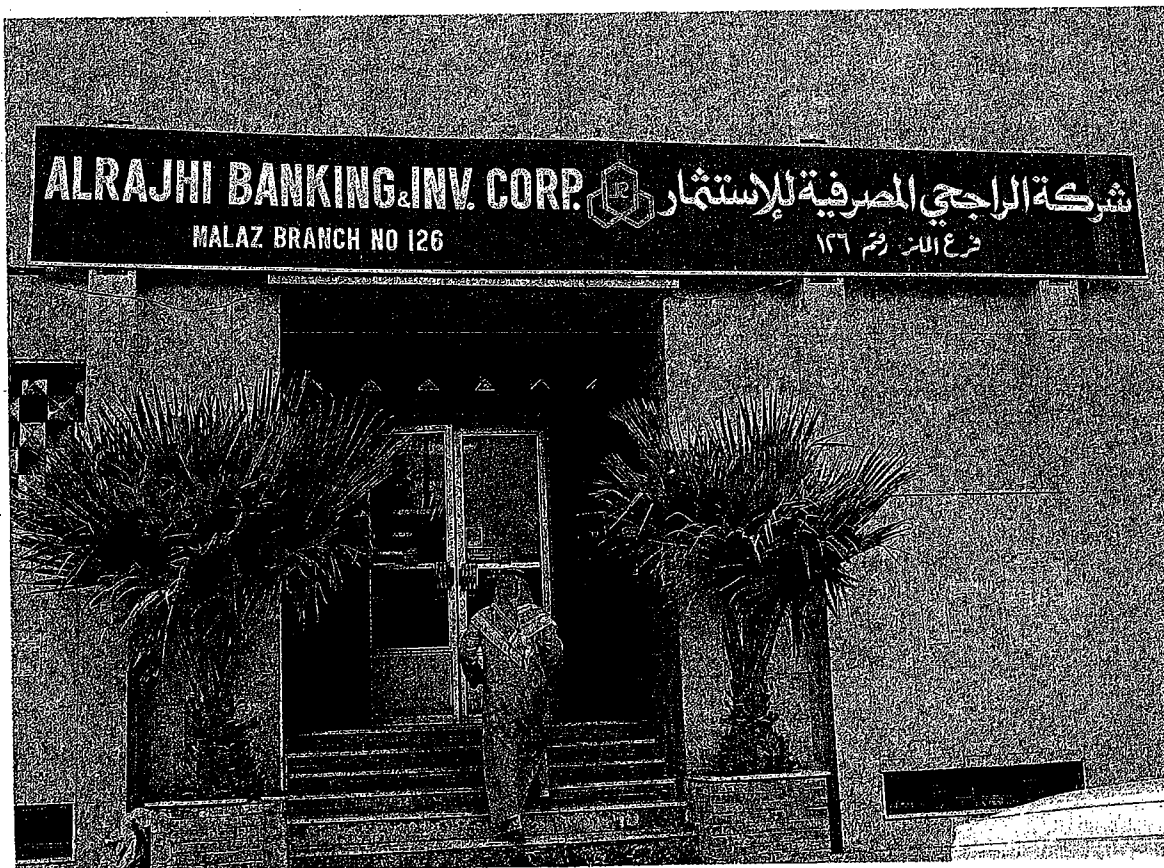
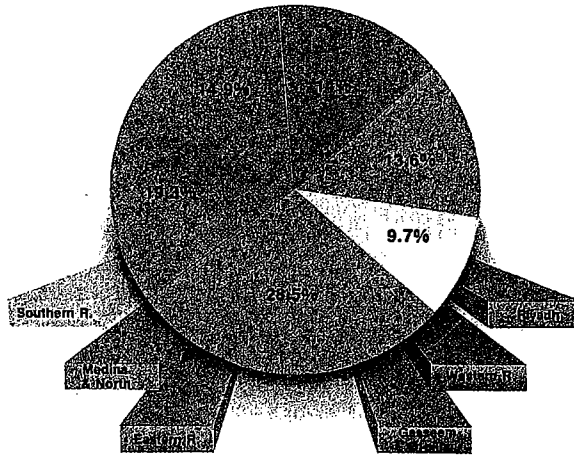


BRANCH NETWORK :

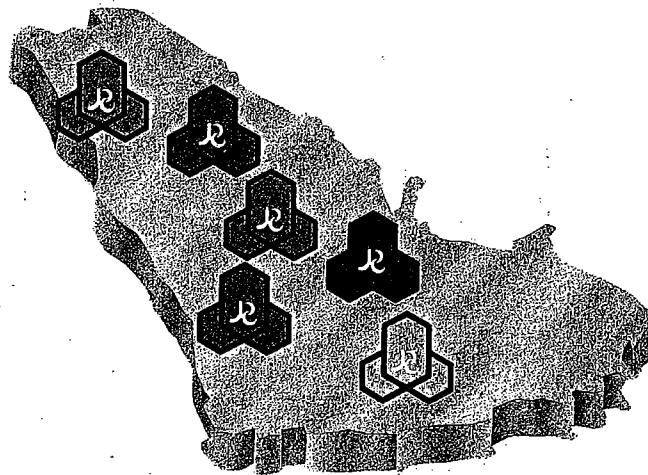
The authorised policy of the Corporation is that its banking services should be made easily available to all, and be provided to citizens and residents, in every location. To achieve this policy, the Corporation had to open new branches in most cities and areas which require such services.

The number of branches as at the date of preparation of this balance sheet has reached 228 branches in addition to six regional managements. The Corporation has approached SAMA to get permission to open a new group of branches in various areas of the Kingdom to facilitate the provision of its banking services to every citizen in any location of our beloved Country.

**Percentage of Branches Distribution
as per Regional Office**

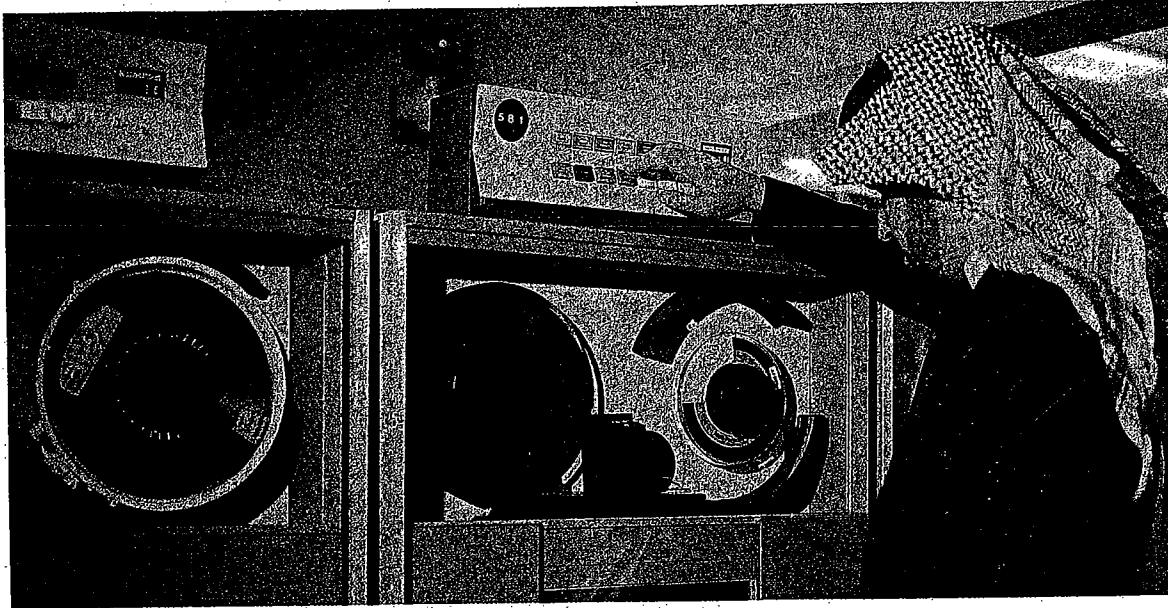


**TOTAL NUMBER OF THE
CORPORATION BRANCHES AS
AT 31 DECEMBER 1988: 228
BRANCHES**



REGIONAL OFFICES

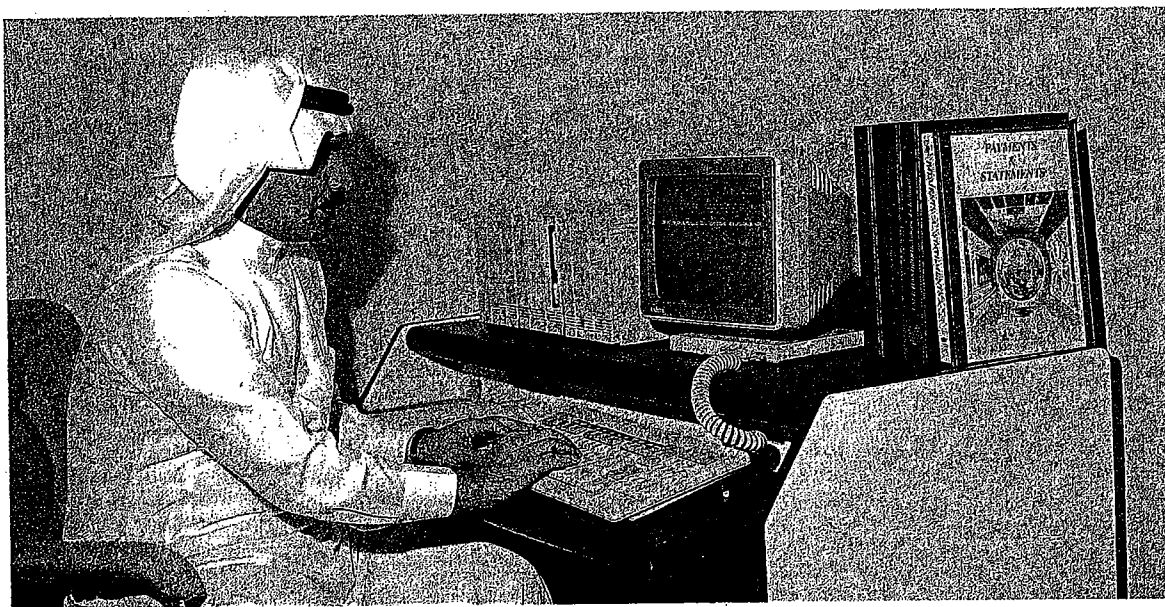
- | | |
|--|---|
| 65 R.O. For Riyadh Area & Subsidiaries,
Adress : Riyadh 11411, P.O.Box 28
Tel. : 4054244 - Fax : 4044631 | 31 R.O. For Medina Area and North,
Adress: Al-Medina AlMunawara, P.O.Box 622
Tel. : 8388068 - Fax : 8387711 |
| 44 R.O. For Western Region,
Adress : Jeddah 21421, P.O.Box 605
Tel. : 6434022 - Fax : 6434022 | 34 R.O. For Gasseem & Hail Area,
Adress : Buraidah - P.O.Box 30
Tel. : 3231099 - Fax : 3249794 |
| 32 R.O. For Eastern Region,
Adress : Dammam 31442, P.O.Box 6030
Tel. : 8261659 - Fax : 8275068 | 22 R.O. For Southern Region,
Adress : Abha - P.O.Box 808
Tel. : 2242191 - Fax : 2243136 |



SELECTING A LOCATION FOR THE CORPORATION'S GENERAL MANAGEMENT :

The Corporation aims to buy land in a distinguished location for the headquarters of the general

management of the Corporation, central services, the regional management of Riyadh area and the main branch. During the fiscal year 1989, it is expected that the convenient location will be decided upon and that the designs and plans will be started.



**USAGE OF COMPUTER AND AUTOMATIC
TELLER MACHINES :**

In response to the developments within the banking industry and to comply with goals and policies of the Corporation towards improving the services it provides to the public, the Corporation is moving forward with its computerisation programme and branch networking including automatic teller machines. This is in addition to developing and improving the computer system currently in use at the Head Office. Commencement of implementation in this field is expected during the fiscal year 1989.

**DIRECTORS' REMUNERATION AND
ALLOWANCES :**

Pursuant to Article (19) of the Corporation's Articles of Association, the total remuneration and allowances of the board members amounted to SR 841,458. The board does not earn any remuneration other than that stated per the articles of association. Despite the regulation of Article (22) of the Articles of Association

the general manager and managing director has not received any remuneration and has donated his efforts in support of the Corporation's objectives. May Allah reward him.

PROPOSALS OF THE BOARD OF DIRECTORS :

The board proposes the following :

- 1) Approval of the balance sheet and profit & loss account;
- 2) Approval of the board of directors' report and absolve the board members from any liability in respect of their responsibilities during fiscal period ended 31 December 1988.
- 3) Approval of the board of director's proposal in respect of 1988 profit distribution after a month from the date of this meeting;
- 4) Re-appointing Abdulaziz Al Rashed office and Whinney Murray & Co. office as auditors of the Corporation's accounts for 1989 or electing others and determining their fees.



CONCLUSION :

At the conclusion of this report, the board is grateful to extend its gratitude and appreciation to the Custodian of the Two Holy Mosques, His Royal Highness The Crown Prince the First Deputy Prime Minister and Head of the National Guard and His Royal Highness the Second Deputy Prime Minister, the Minister of Defence and Aviation and the Inspector General and to our wise government for all the efforts they made to support the formation and establishment of this young corporation to help in improving and supporting the national economy for development of our beloved Kingdom. We also express our thanks to the Ministry of Finance and National Economy represented by His Excellency Sheikh Mohammed Aba Al-Khail, the Ministry of Commerce represented by His Excellency Sheikh Sulaiman Al Saleem, the Saudi Arabian Monetary Agency represented by His Excellency the Governor Hamad Al Sayary and their Excellencies the head and members of the Sharia Authority of the corporation.

We also express our thanks to all employees of the corporation on their best efforts and continuing enthusiasm to perform their duties and achieve the goals of the corporation for its advancement and providing the best services to its customers.

We would also like to express our thanks and appreciation to our customers and correspondents locally and abroad for their positive trust and support resulting in our corporation's continued development in the service of the nation, its citizens and residents.

We ask Allah to bless every body.

Allah help us

THE BOARD OF DIRECTORS

STATEMENT OF FINANCIAL POSITION, 31 DECEMBER 1988

ASSETS	Note	Saudi Riyals (In thousands)
Cash and precious metals in hand	(5)	388,751
Deposits with the Saudi Arabian Monetary Agency	(6)	
Statutory		839,726
Current		11,603
Due from banks		857,724
Precious metals		221,328
Investments in Murabaha	(7)	1,757,258
Customers' current accounts		117,049
Fixed Assets (net)	(8)	184,578
Other Assets:		
Pre-operating expenses and deferred expenses	(9)	9,427
Other debit balances		279,727
Al Rajhi Company for Currency Exchange and Commerce (under liquidation)	(4)	378,821
		15,045,992
SHAREHOLDERS' EQUITY		
Sahre capital	(10)	750,000
Reserves:		
Statutory	(12)	147,065
General	(12)	250,000
Retained earnings		78,697
LIABILITIES		
Customers' current accounts		1,823,815
Other accounts (including margins on letters of credit, third party funds, certified cheques, and transfers)		682,672
Due to banks		995,270
Other Liabilities:		
Proposed dividends	(13)	112,500
Other credit balances		205,973
		15,045,992
CONTRA ACCOUNTS:		
Mudaraba funds	(15)	726,271
Letters of guarantee, letters of credit and other liabilities	(15)	16,191,177
		16,917,448

The attached notes from 1 to 17 form an integral part of these financial statements



**STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE PERIOD
FROM 19 MARCH 1988 TO 31 DECEMBER 1988**

STATEMENT OF INCOME	Note	Saudi Riyals	
		(In thousands)	(In thousands)
OPERATING REVENUES:			
Income from Investments in Murabaha		740,026	
Income from Investment public of subscription funds		30,937	
Fees arising from management of Mudaraba funds		3,931	
Exchange differences		55,243	
Others		29,665	
			859,802
OPERATING EXPENSES			8,498
TOTAL INCOME			851,304
ADMINISTRATIVE EXPENSES			
Salaries and related expenses		125,167	
Rents		14,181	
Telephone, telex, cables and postage		6,539	
Other operating expenses		32,468	
Depreciation and amortisation		19,388	
Charities		5,929	
Directors' remunerations and allowances		841	
Compensation to Partners of Al Rajhi Company for Currency Exchange and Commerce (Under Liquidation)	(12)	58,529	
			263,042
NET INCOME FOR THE PERIOD			588,262
STATEMENT OF RETAINED EARNINGS			
Net income for the period			588,262
Less:			
Transfer to statutory reserve		147,065	
Transfer to general reserve		250,000	
Proposed dividends		112,500	
			509,565
Retained earnings			78,697

The attached notes 1 to 17 form an integral part of these financial statements.